

Message Text

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ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 CCO-00 CIAE-00 OTPE-00 EB-11

FCC-03 INR-10 NSAE-00 OC-06 RSC-01 COME-00 AID-20

FRB-02 TRSE-00 XMB-07 OPIC-12 SP-03 CIEP-02 OMB-01

DRC-01 L-03 /126 W

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P R 100950Z MAY 74

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC PRIORITY 7679

INFO AMEMBASSY PARIS

C O N F I D E N T I A L KINSHASA 4063

DEPT FOR AF/C

E.O. 11652: GDS

TAGS: BEXP, CG

SUBJECT: COLLINS RADIO FOR EDUCATION TV NETWORK

1. I SPOKE TO BISENGIMANA ON MAY 3 ABOUT THE COLLINS BID. HE ASSURED ME U.S. FIRM'S OFFER WOULD BE GIVEN EQUITABLE TREATMENT WITH THOMSON CFF.

2. HAVE JUST DISCUSSED PROJECT WITH COMMISSAIRE D'ETAT SAKOMBI, WHO TOLD ME FRENCH AND U.S. BIDS BOTH APPEAR ABOUT SAME SO FAR AS TECHNICAL ASPECTS CONCERNED. HE POINTED OUT, HOWEVER, THERE IS CONSIDERABLE DIFFERENCE BETWEEN PRICES AND FINANCING TERMS OF TWO OFFERS.

3. ACCORDING SAKOMBI, COLLINS PRICE IS DOLS 44.811 MILLION WITH SUPPLIER'S CREDIT FOR EIGHT YEARS AFTER COMPLETION PROJECT. NO INTEREST RATE MENTIONED. FRENCH GROUP OFFERS THREE-YEAR GRACE PERIOD FOR 13 PERCENT OF PRICE, AND REMAINDER(87 PERCENT) TO BE COVERED, BY SUPPLIER'S CREDIT FOR 10 YEARS AFTER COMPLETION.

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4. COMMENT: WE UNDERSTAND FROM COLLINS THAT 20-YEAR CREDIT

OFFERED BY FRENCH GROUP REPRESENTS BALANCE OF COFACE FINANCING MADE AVAILABLE FOR VOIX DU ZAIRE CENTER, WHICH WOULD ALSO BE AVAILABLE TO COLLINS FOR FRENCH PORTION THEIR EQUIPMENT. SINCE PROJECT IS EXPECTED REQUIRE 30 MONTHS TO COMPLETE, THREE-YEAR GRACE PERIOD OFFERED PROBABLY MEANS THAT REPAYMENT TO BEGIN SIX MONTHS AFTER COMPLETION. WE ALSO LEARNED FROM COLLINS THAT INTEREST RATE OFFERED BY FRENCH IS EIGHT PERCENT.

5. ACTION REQUESTED: IN VIEW IMPORTANCE THIS CONTRACT TO U.S. FIRM NOT ONLY AS SINGLE SALE, BUT ALSO AS ENTRY OF U.S. INTO ZAIRIAN TELECOMMUNICATIONS FIELD, WHICH WILL CONTINUE TO EXPAND, STRONGLY URGE EXIM SEEK TO MEET FRENCH TERMS. FULL ACCOUNT SHOULD BE TAKEN OF POSSIBILITIES OF COFACE FINANCING FOR FRENCH PORTION OF COLLIN'S OFFER AND FIRM'S REPORTED ABILITY TO COMPLETE PROJECT IN SHORTER TIME THAN FRENCH COMPETITION. IN THIS LIGHT, PRINCIPAL DIFFERENCES IN TERMS WOULD SEEM TO BE TEN YEARS AT EIGHT PERCENT OFFERED BY FRENCH VERSUS EIGHT YEARS AT UNKNOWN RATE OFFERED BY COLLINS. IF EXIM COULD OFFER 10 YEARS AT BLENDED EXIM-COMMERCIAL RATE, WE COULD STAND GOOD CHANCE TO SWING THIS ORDER. WOULD ALSO HELP IF COLLINS COULD SHAVE ITS BID SOMEWHAT.

6. PROJECT WILL NOT ONLY PROVIDE COLOR TELEVISION THROUGHOUT COUNTRY BUT WILL INCLUDE CONSIDERABLE NUMBER TELEPHONE CHANNELS THAT WILL SUPPLY BADLY NEEDED COMMUNICATIONS WITHIN COUNTRY AND WILL PROVIDE GOZ WITH IMPORTANT SOURCE REVENUE.
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